

Raisin Situation and Outlook in Selected Countries

In 2002/03, raisin production in selected producing countries is forecast to decline by 1 percent to 720,200 tons. Unfavorable weather conditions are likely to affect crop supplies in Turkey and Greece, while raisin production in Mexico and the United States is projected to be the same as last year. In the southern hemisphere, favorable weather conditions and increased planting areas in Australia, Chile, and South Africa are expected to return raisin crops to normal levels.

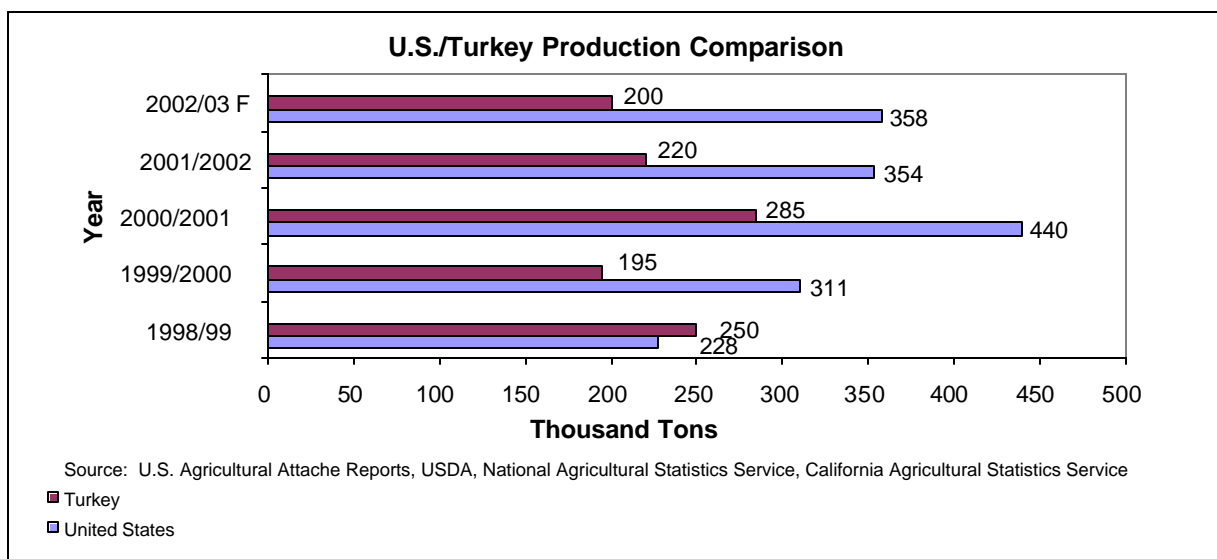
Turkey

Turkey is the second largest producer of raisins in the world behind the United States. In 2002/03, its raisin production is forecast to fall between 10 and 14 percent from last year as a result of heavy rainfall during the harvest season.

Turkey is the top raisin exporter in the world, with exports valued at more than \$161 million in CY 2001. Between 1999 and 2001, its total exports averaged nearly \$187 million. Turkey's top export markets were the U.K., Germany, the Netherlands, Italy, and Australia. Collectively, these five markets comprised 69 percent of the country's raisin exports.

Prices were lower early in the growing season (approximately \$US 650 per ton of standard 9), but were raised after the rains. Currently, the price of a standard #9 bulk is about \$800 per ton and for standard #10 bulk is about \$850 per ton. No. 9s and No. 10s generally make up a sizable proportion of the crop and are the first buying choice of many traders.¹

Raisin export opportunities to Turkey are minimal. In CY 2001, imports totaled \$1.3 million. Greece was the largest supplier of raisins accounting for nearly 50 percent of all imports. The U.S. shipped \$311,000 worth of raisins in CY 2001, making it Turkey's second largest supplier of imported raisins. Raisin imports are unlikely to increase given the high duty on imported raisins, which is currently at 56.1 percent.



United States

The United States is a leading world exporter of raisins, second only to Turkey. In CY 2001, U.S. raisin exports totaled over \$145 million. Between 1999 and 2001, its total exports averaged over \$162 million. The United States' largest export markets were the U.K., Canada, Japan, Germany, and Sweden. Collectively, these 5 markets comprised nearly 64 percent of its raisin exports.² On average, about 33 percent of the U.S. raisin crop is exported.

The United States is the largest raisin producer in the world. The forecast for 2002/03 raisin production is at 358,000 tons, an increase of 1 percent. Since 1999, the industry has been beset with surplus production and stagnant domestic demand resulting in large stock inventories. To address the problem, the industry implemented a raisin diversion program (RDP) for the 2002 crop. The RDP curtails production by vine removal, trimming or some other means approved by the Raisin Administrative Committee (RAC), the entity responsible for administering the Federal Marketing Order. The RDP for the 2002/03 crop has not been established. An estimated 43,000 tons was diverted through the RDP in 2002/03.

Raisin imports totaled more than \$12 million in CY 2001. Chile, Mexico, Argentina, South Africa and Iran were the top five foreign suppliers of raisins.

The Raisin Administrative Committee (RAC) received \$2,043,943 in Market Access Program (MAP) funding to continue marketing activities in 7 countries in Southeast Asia and the U. K. in 2002. RAC's main strategy is to convince the trade sector of the value-added qualities of raisins. In certain countries RAC adds a strategy targeting the consumer focusing on the quality, nutrition, and usage of California raisins. The RAC also received a total of \$216,500 in Emerging Market funds for China and Estonia to assist in capitalizing on perceived opportunities in the confectionary and baking industries. Most recently, the RAC received \$50,000 under the Technical Assistance for Specialty Crops (TASC) program to overcome barriers to trade in the Japanese market.



¹ USDA FAS Attaché Report #TU2044 & FoodNews, October 11, 2002

Greece

Greece is the third largest exporter of raisins behind Turkey and the United States. CY 2001, Greece's raisin exports totaled over \$39 million. Between 1999 and 2001, its total exports averaged over \$70 million. Increased competition in European markets from Turkish raisin exports led the decline in trade. Greece's largest export markets were the U.K., Germany, the Netherlands, Poland, and Australia. Collectively, these five markets comprised nearly 85 percent of its raisin exports.³ On average, 80 percent of Greece's raisin crop is exported.

Disastrous rainstorms are likely to have a dramatic impact on raisin production. Some estimates indicate that between 31 and 67 percent of the 2002/03 raisin crop could be lost. As a result of the smaller crops, exports, which have already been affected by competition from Turkey, are expected to decline even further. Despite the production shortfall, Greece is expected to supply export markets with raisin inventories collected from previous years.

Farmers are expected to request compensation from the government as result of the devastating weather conditions. Raisin imports are minimal; however, the expected production shortfall could provide an opportunity for exporters. In 2001, raisin imports totaled \$2.3 million

Chile

Raisin production for MY 2002, which begins in January 2003, is forecast to be at 42,000 tons, the same level as the previous year. Raisin supplies could increase significantly in the future if discarded table grapes from new vineyards are diverted to raisin production. More than 90 percent of Chile's raisin production is exported.

Chile is the fourth largest raisin exporter in the world. In 2001, Chile's raisin exports totaled more than \$35 million. Mexico, the United States, Colombia, Peru, and Brazil were its top export markets. These five markets comprised 62 percent of all exports in 2001. Between 1999 and 2001, its raisin exports averaged \$43 million.

Chile's raisin imports totaled \$19,000 in 2001, 75 percent originating from Mexico. The 7-percent import tariff is expected to fall to 6 percent in 2003. In addition, an 18-percent value-added tax is charged on all consumer items, both domestic and imported.

South Africa

South Africa is the world's fifth largest exporter of raisins. In 2001, raisin exports were valued at more than \$20 million. The devaluation of the rand is anticipated to help boost exports despite the glut of quality raisins on the international market. Canada, Germany, the Netherlands, France and the U.K. are its top export markets. These five markets comprised 73 percent of all exports in 2001. Raisin imports are minimal. Favorable weather conditions are expected to

² Global Trade Atlas

³ Global Trade Atlas

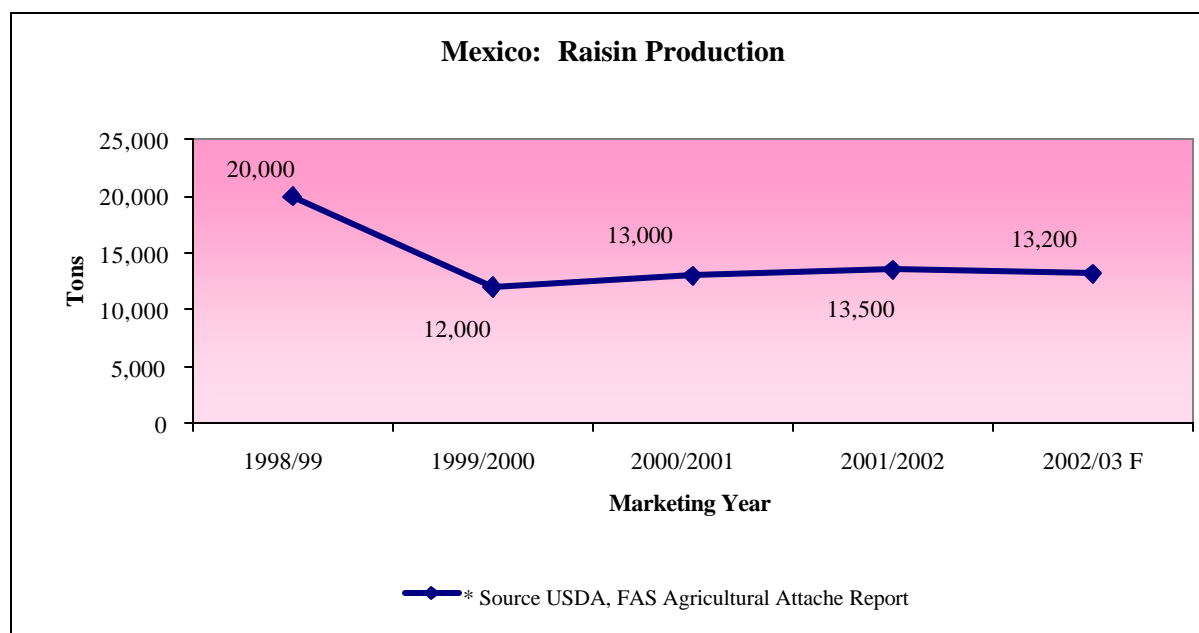
maintain raisin production at normal levels in MY 2003, which begins in January 2003. The MY 2002 crop of 42,355 tons, was the largest crop since MY 1997.

Mexico

Mexico exported a little more than \$4 million worth of raisins in 2001, with nearly 92 percent of the export volume going to the United States. Guatemala, Honduras, Chile, and Colombia rounded out its top five export markets.

Production for 2002/03 is expected to remain in line with forecasts made in the earlier part of the year at 13,200 tons. Mexico's current economic woes could affect crop production in the future as continued problems with low prices, lack of available credit, and diversion of raisins for the wine and juice markets are decreasing planted areas and driving farmers out of business.

Opportunities for imports to Mexico do exist, albeit for lower priced raisins. Chile remains the dominant supplier to Mexico accounting for approximately 80 percent of the country's raisin imports. The United States was the second largest supplier, shipping \$1.8 million worth of raisins. Under the North American Free Trade Agreement (NAFTA), both Mexico and the United States allow raisins to enter their borders duty-free. Raisins from Chile also enter Mexico duty-free.



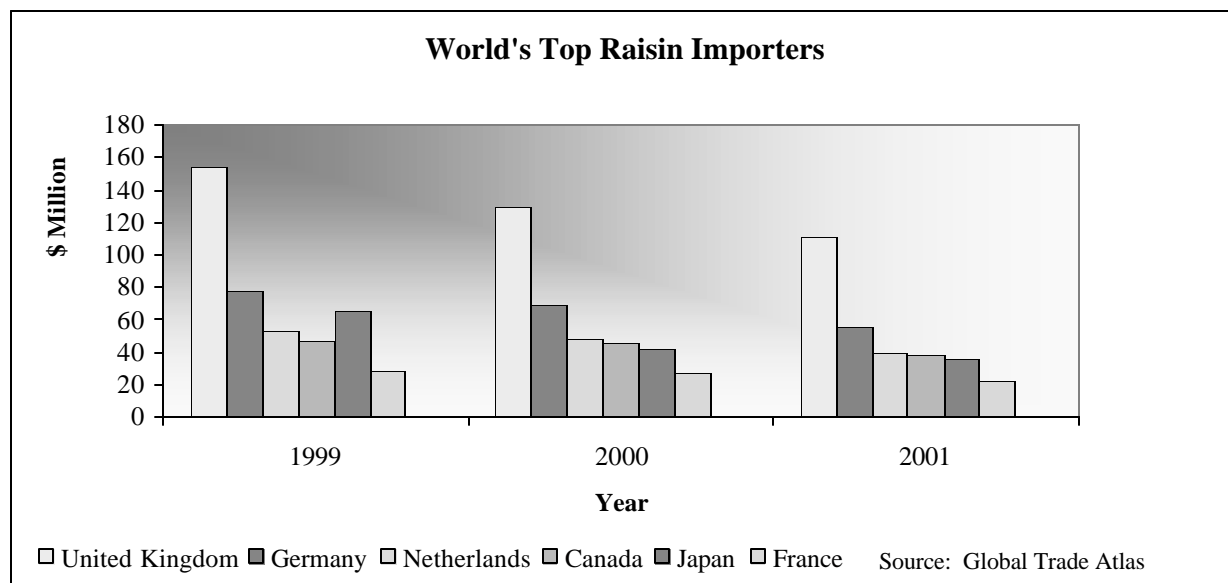
Australia

Production forecast for MY 2002, which begins in March 2003, is estimated at 36,000 tons. Favorable weather conditions and reduction in wine grape prices are expected to return raisin production to normal levels after several years of underproduction. Sultanas account for about 90 percent of Australia's raisin production.

Australia exported more than \$7 million of raisins in 2001. Canada, Germany, the U.K., New Zealand, and Japan comprised 87 percent of its exports in 2001.

Australia's raisin imports were valued at over \$16 million in 2001. Turkey dominated the market, supplying nearly 65 percent of Australia's raisin imports. Greece, the United States, Iran and Chile were also major foreign raisin suppliers.

Horticultural Australia Ltd. (HAL) replaces the Horticultural Research and Development Corporation and the Australian Horticultural Corporation to become the sole entity responsible for research and development and promotional activities. Growers will continue to pay a levy (A\$18 per ton) to fund HAL activities.



World raisin imports totaled more than \$511 million in 2001. The top raisin importing countries were the U.K., the Netherlands, Canada, Japan, and France. The U.K. imported a total of \$110.6 million; Germany \$56.1 million; Canada \$38.1 million; the Netherlands \$40.1 million; Japan \$36 million; and France \$22.1 million. These six countries imported 59 percent of the world's raisin trade in 2001.

(The FAS Attaché Report search engine contains reports on the leading dried fruit producing countries, including Australia, Chile, and South Africa. For information on production and trade, contact Rey Santella at 202-720-0897. For information on marketing contact Kristin Kezar at 202-690-0556.)